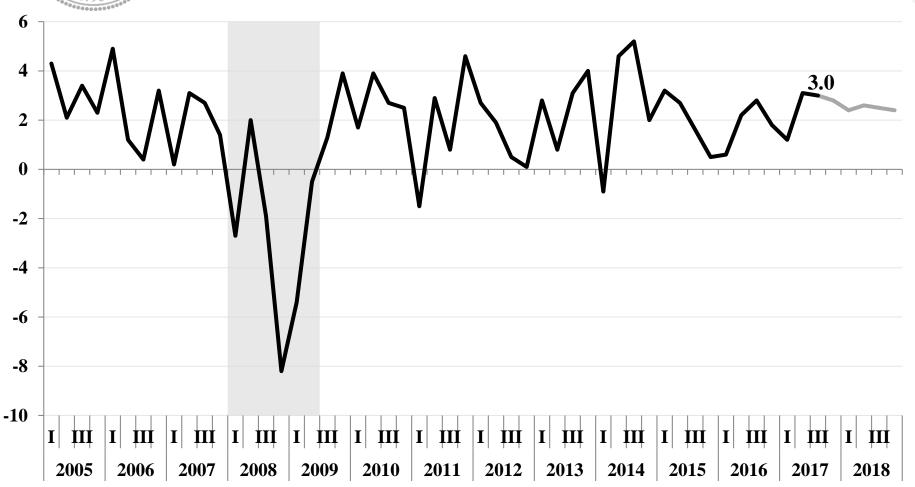


Fiscal Review Committee Staff November 20, 2017



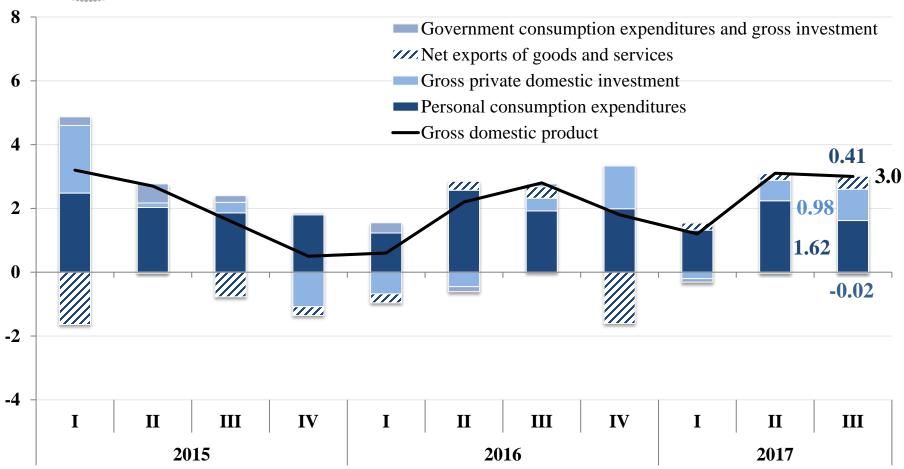
U.S. Real GDP

(Percent Change from Preceding Period, SAAR)





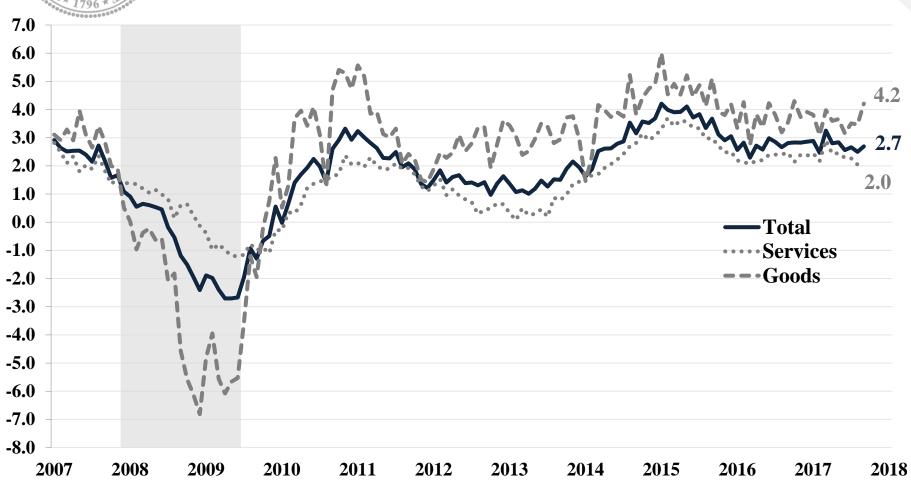
Contributions to % Change in Real GDP (SAAR)





Real PCE and its Components

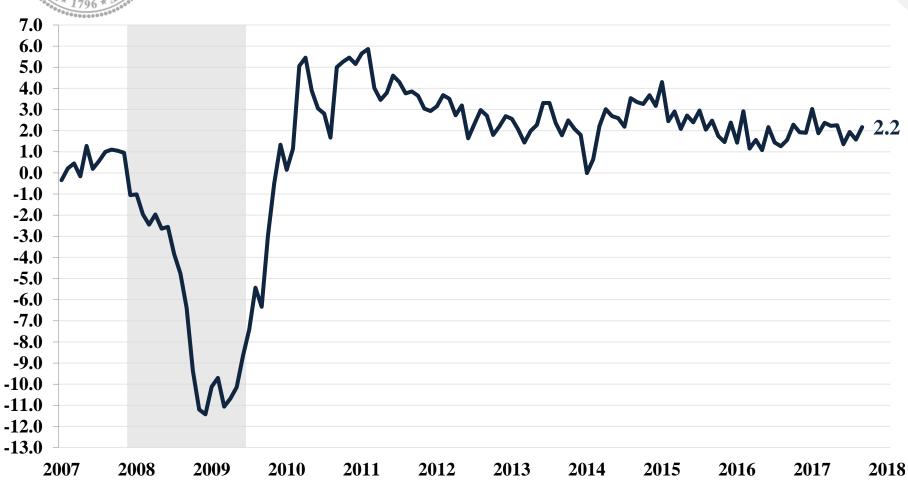
Year-over-Year % Change (Monthly, SAAR)





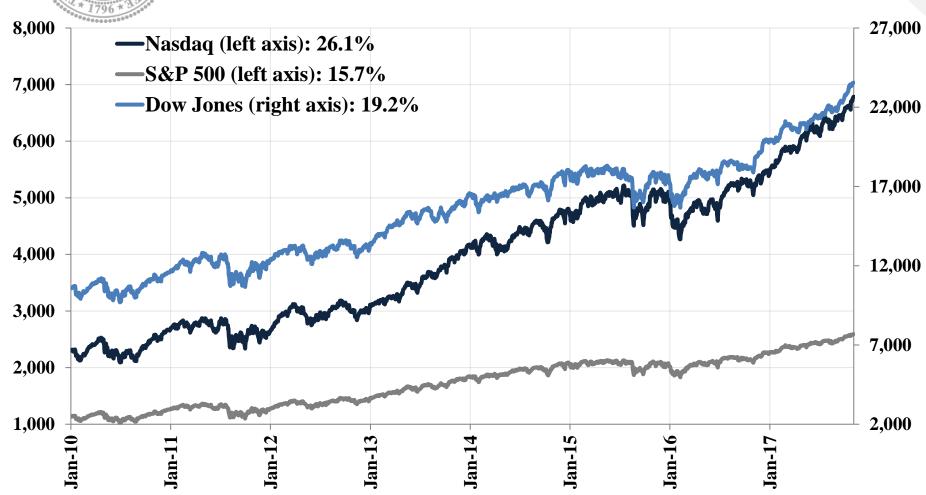
Real Retail and Food Service Sales

Year-over-Year % Change (Monthly, SA)





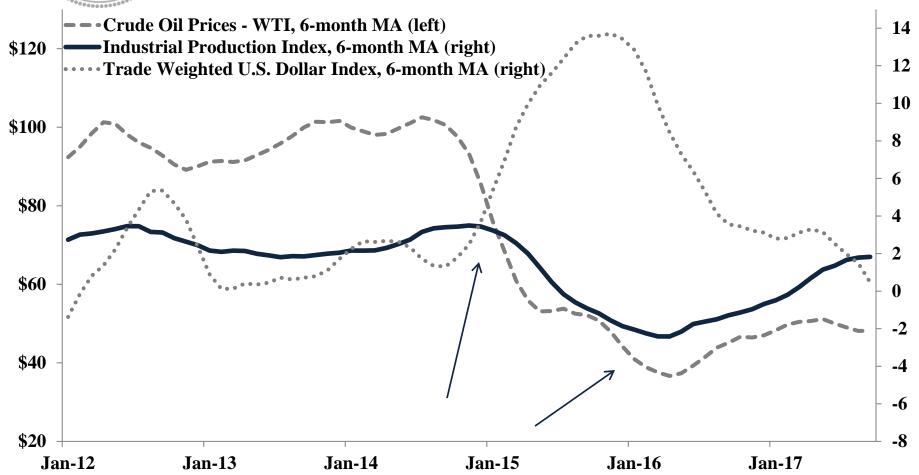
Stock Market Growth



Source: Yahoo Finance.



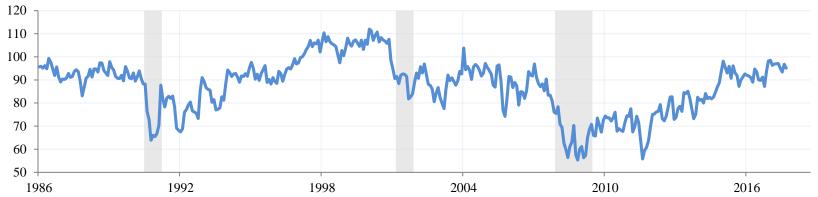
Industrial Production



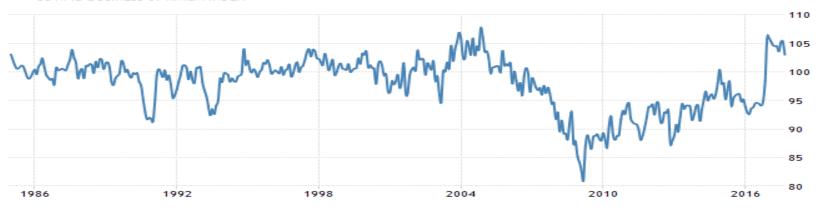


Consumer & Small Business Sentiment

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT



US NEIB BUSINESS OPTIMISM INDEX



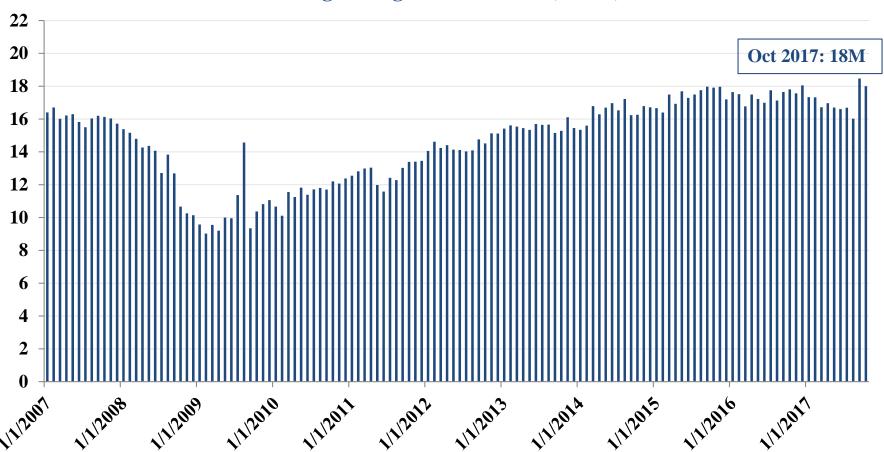
SOURCE: TRADINGECONOMICS.COM | NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Sources: University of Michigan, retrieved from FRED, Federal Reserve Bank of St. Louis; NFIB, retrieved from tradingeconomics.com, November 14, 2017.



Auto Sector

U.S. Light Weight Vehicle Sales (SAAR)

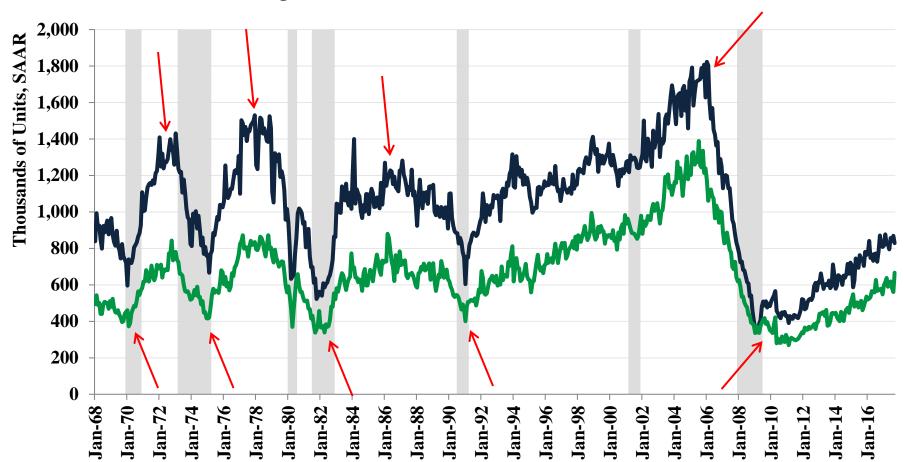






Housing Sector

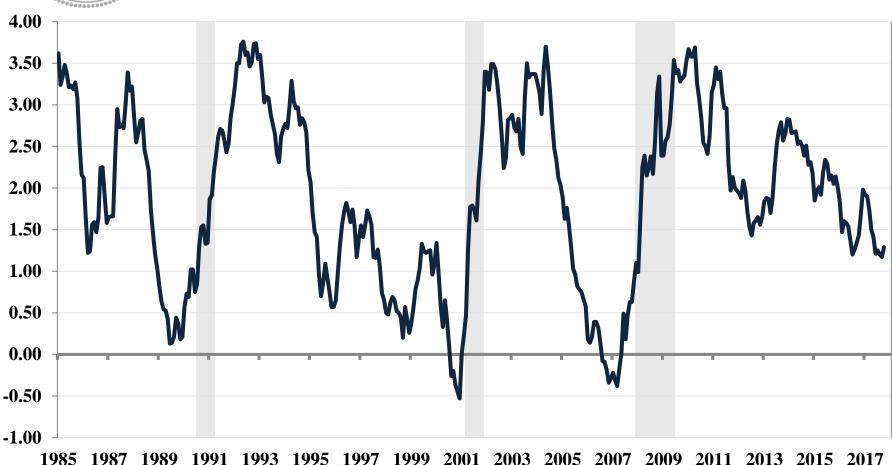






The Yield Spread

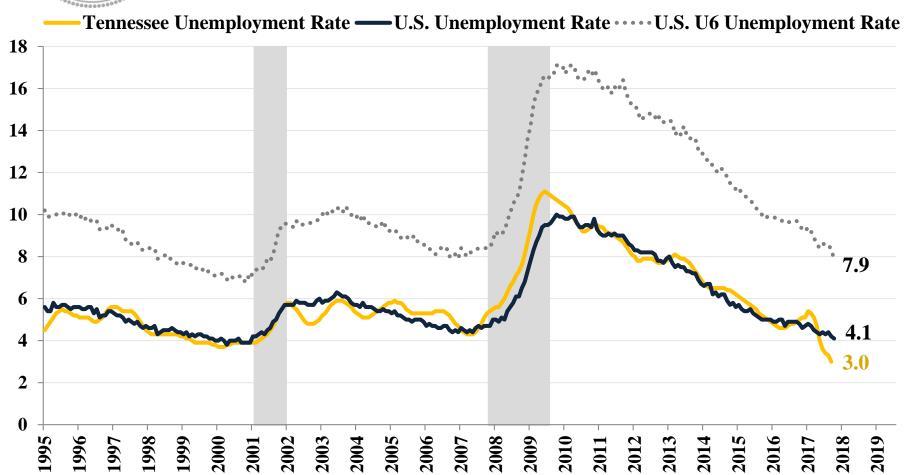
10-Year Treasury Rate Less 3-Month Treasury Bill



Sources: Board of Governors of the Federal Reserve System, retrieved from FRED, Federal Reserve Bank of St. Louis, November 14, 2017.



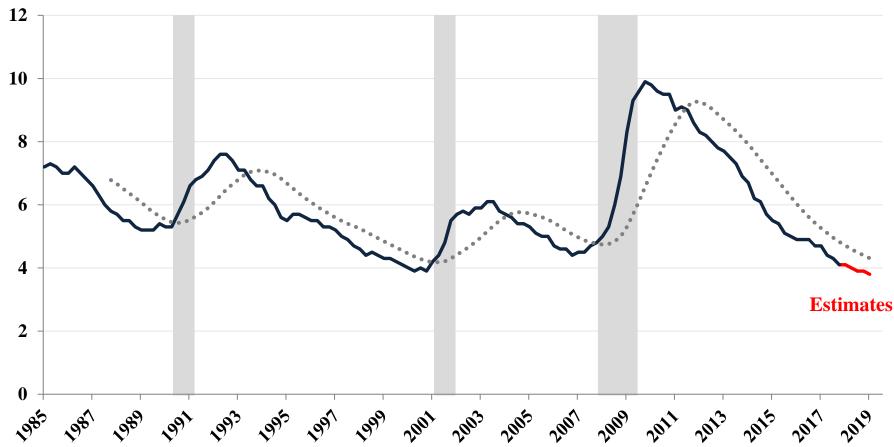
Unemployment Rates





U.S. Unemployment Rate (Quarterly Rate, SA)

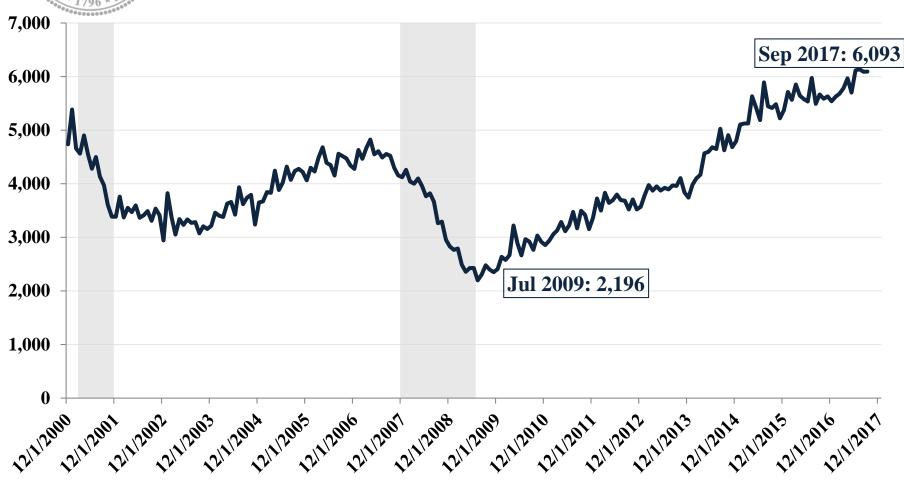
—Unemployment Rate ·····Unemployment Rate 3 Year MA





Job Openings

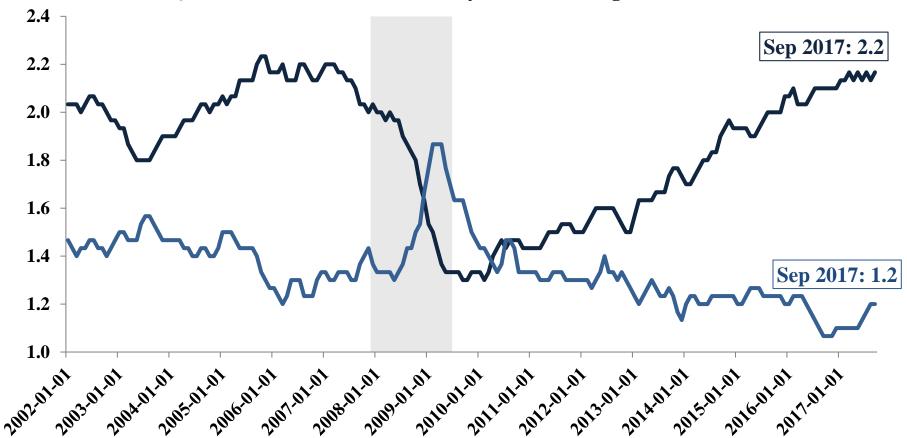
Total Nonfarm, Thousands, Monthly, SA





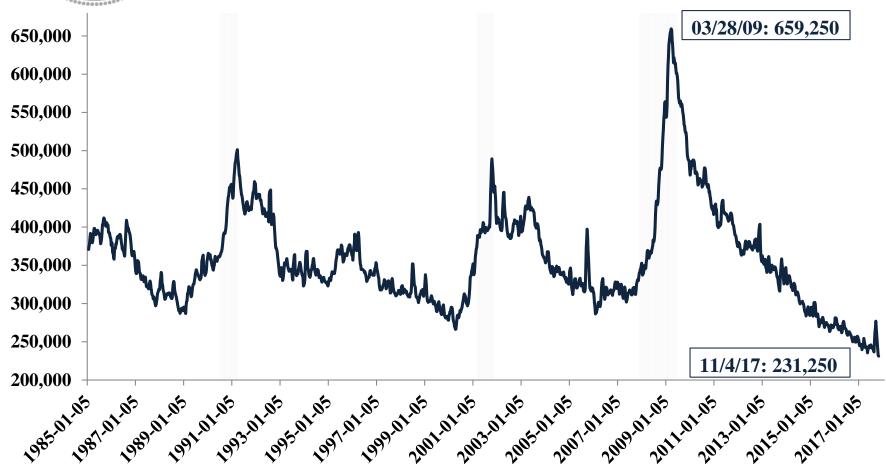
Quits, Layoffs & Discharges

—Quits Rate (3-month MA) —Layoffs & Discharges Rate (3-month MA)





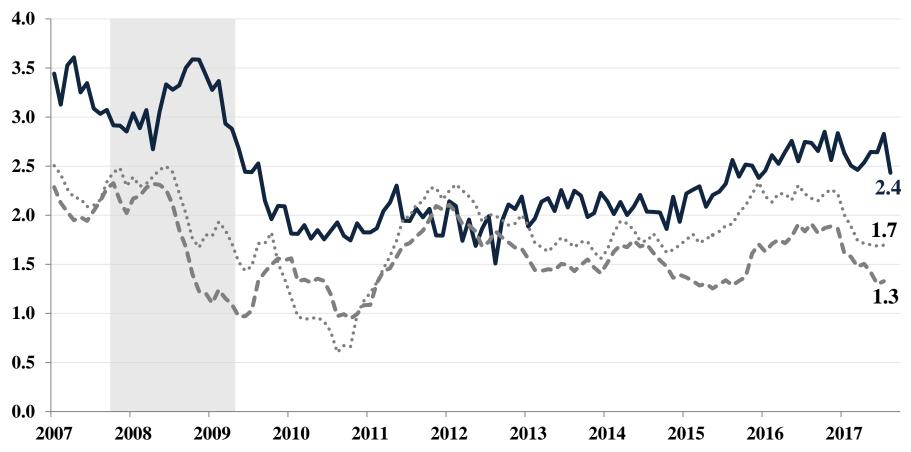
Initial Unemployment Claims (4-Week MA)





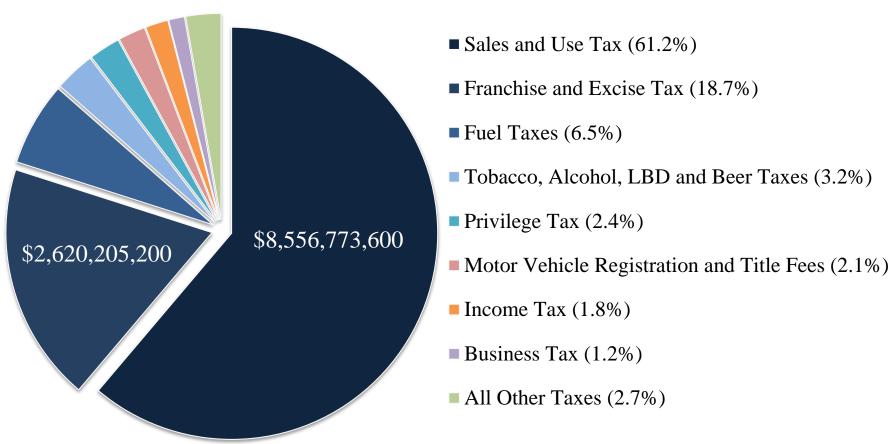
Earnings & Inflation

Year-over-Year % Change, Monthly, SA





Revenue by Tax Source



FY16-17 Accrual Collections: \$13,983,658,400



Legislative Impact

		ESTIMATED	ESTIMATED
	ACTUAL CASH	LEGISLATIVE	LEGISLATIVE
REVENUE SOURCE	COLLECTIONS	IMPACT ON	IMPACT ON
	FY16-17	FY17-18 vs. FY16-17	FY18-19 vs. FY16-17
		CASH COLLECTIONS	CASH COLLECTIONS
SALES AND USE TAX	\$8,549,774,300	(\$43,225,500)	(\$49,324,400)
GASOLINE TAX	\$668,159,400	\$139,580,000	\$171,775,000
MOTOR FUEL TAX	\$177,386,200	\$43,169,900	\$75,388,000
GASOLINE INSPECTION TAX	\$68,228,600	\$0	\$0
MOTOR VEHICLE REGISTRATION TAX	\$278,140,400	\$32,398,300	\$32,398,300
INCOME TAX	\$250,188,400	(\$57,400,000)	(\$112,870,000)
PRIVILEGE TAX	\$390,679,700	\$9,867,900	\$8,917,900
GROSS RECEIPTS TAX - TVA	\$342,181,900	\$0	\$0
GROSS RECEIPTS TAX - OTHER	\$31,387,400	\$0	\$0
BEER TAX	\$18,020,700	\$0	\$0
ALCOHOLIC BEVERAGE TAX	\$65,692,400	\$1,414,400	\$1,547,800
FRANCHISE AND EXCISE TAX	\$2,622,384,100	(\$38,460,200)	(\$60,645,500)
INHERITANCE TAX	\$13,934,500	(\$13,934,500)	(\$13,934,500)
TOBACCO TAX	\$256,003,800	(\$1,515,800)	(\$1,515,800)
MOTOR VEHICLE TITLE FEES	\$23,892,500	\$0	\$0
MIXED DRINK TAX	\$105,495,800	\$0	\$0
BUSINESS TAX	\$174,682,700	\$3,690,800	\$6,919,800
SEVERANCE TAX	\$1,224,000	\$0	\$0
AMUSEMENT TAX	\$226,900	\$0	\$0
UNAUTHORIZED SUBSTANCE TAX	\$500	\$0	\$0
TOTAL REVENUE	\$14,037,684,200	\$75,585,300	\$58,656,600



Legislative Impact - Sales Tax

PUBLIC CHAPTER	ACTION	FY17-18 IMPACT VS. FY16-17
PC 181 of 2017 (The IMPROVE Act)	Decreases sales tax on food from 5% to 4%	(\$125,160,000)
PC 1047 of 2016	Requires DOR to collect certain 911 fees (previously collected by the TN Emergency Communications Board)	\$86,000,000
PC 1068 of 2016	Authorizes certain airport terminals to sell certain alcoholic beverages at retail	\$406,000
PC 347 of 2015	Redefines "cost of doing business by the retailer" under the Unfair Cigarette Sales Law	\$1,441,000
PC 462 of 2015	Establishes maximum amounts that a single taxpayer shall be due pursuant to the 4.5% state sales tax imposed on aviation fuel	(\$5,912,500)
NET IMPACT		(\$43,225,500)



FY17-18 & FY18-19 Estimates

TOTAL REVENUE	\$13,983,658,400	\$14,425,250,000	3.16%	\$14,938,250,000	3.56%
UNAUTHORIZED SUBSTANCE TAX	\$900	\$0	-100.00%	\$0	N/A
AMUSEMENT TAX	\$233,300	\$250,000	7.16%	\$250,000	0.00%
SEVERANCE TAX	\$1,214,300	\$1,100,000	-9.41%	\$1,050,000	-4.55%
BUSINESS TAX	\$173,097,700	\$179,000,000	3.41%	\$189,000,000	5.59%
MIXED DRINK TAX	\$105,583,100	\$116,000,000	9.87%	\$125,750,000	8.41%
MOTOR VEHICLE TITLE FEES	\$23,892,500	\$24,400,000	2.12%	\$25,350,000	3.89%
ГОВАССО ТАХ	\$255,722,300	\$255,000,000	-0.28%	\$250,500,000	-1.76%
NHERITANCE TAX	\$9,241,200	\$0	-100.00%	\$0	N/A
FRANCHISE AND EXCISE TAX	\$2,620,205,200	\$2,630,000,000	0.37%	\$2,710,000,000	3.04%
ALCOHOLIC BEVERAGE TAX	\$64,245,800	\$67,800,000	5.53%	\$70,300,000	3.69%
BEER TAX	\$17,246,100	\$18,050,000	4.66%	\$18,250,000	1.11%
GROSS RECEIPTS TAX - OTHER	\$31,907,500	\$27,000,000	-15.38%	\$29,000,000	7.41%
GROSS RECEIPTS TAX - TVA	\$341,555,000	\$343,300,000	0.51%	\$342,000,000	-0.38%
PRIVILEGE TAX - LESS EARMARKED**	\$342,031,200	\$363,000,000	6.13%	\$386,000,000	6.34%
NCOME TAX	\$250,126,200	\$210,000,000	-16.04%	\$175,000,000	-16.67%
MOTOR VEHICLE REGISTRATION TAX	\$275,166,400	\$318,000,000	15.57%	\$326,500,000	2.67%
GASOLINE INSPECTION TAX	\$68,241,000	\$70,000,000	2.58%	\$71,300,000	1.86%
MOTOR FUEL TAX	\$177,544,100	\$223,000,000	25.60%	\$261,000,000	17.04%
GASOLINE TAX	\$669,631,000	\$8,733,000,000	26.09%	\$894,000,000	5.88%
SALES AND USE TAX - LESS EARMARKED*	\$8,556,773,600	\$8,735,000,000	2.08%	\$9,063,000,000	3.76%
	COLLECTIONS FY16-17	ESTIMATES FY17-18	OVER FY16-17	ESTIMATES FY18-19	OVER FY17-18
REVENUE SOURCE	ACCRUED	TAX REVENUE	INCREASE	TAX REVENUE	INCREASE
	ACTUAL	FRC STAFF	PERCENT	FRC STAFF	PERCENT

*Sales and Use Tax has been reduced by \$16.9 million in FY16-17 and \$112.0 million in FY17-18 and FY18-19 for the earmarked portion of the tax.

**Privilege Tax has been reduced by \$53.1 million in FY16-17 and \$52.0 million in FY17-18 and FY18-19 for the earmarked portion of the tax.



FY17-18: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY17-18	GENERAL FUND FY17-18
SALES AND USE TAX	\$8,735,000,000	\$8,216,141,000
GASOLINE TAX	\$844,350,000	\$13,906,000
MOTOR FUEL TAX	\$223,000,000	\$2,533,000
GASOLINE INSPECTION TAX	\$70,000,000	\$20,510,000
MOTOR VEHICLE REGISTRATION TAX	\$318,000,000	\$46,778,000
INCOME TAX	\$210,000,000	\$138,165,000
PRIVILEGE TAX	\$363,000,000	\$362,138,000
GROSS RECEIPTS TAX – TVA	\$343,300,000	\$189,262,000
GROSS RECEIPTS TAX – OTHER	\$27,000,000	\$22,251,000
BEER TAX	\$18,050,000	\$12,102,000
ALCOHOLIC BEVERAGE TAX	\$67,800,000	\$56,098,000
FRANCHISE AND EXCISE TAX	\$2,630,000,000	\$2,384,200,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$255,000,000	\$255,000,000
MOTOR VEHICLE TITLE FEES	\$24,400,000	\$21,700,000
MIXED DRINK TAX	\$116,000,000	\$58,000,000
BUSINESS TAX	\$179,000,000	\$179,000,000
SEVERANCE TAX	\$1,100,000	\$338,000
AMUSEMENT TAX	\$250,000	\$250,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
TOTAL REVENUE	\$14,425,250,000	\$11,978,372,000



FRC Estimates vs. FY16-17 and Current Budgeted Estimates

	ACTUAL FY16-17 ACCRUALS	CURRENT BUDGETED ESTIMATES FOR FY17-18	FRC ESTIMATES FOR FY17-18	INCREASE/ (DECREASE) OVER FY16-17	INCREASE/ (DECREASE) OVER CURRENT BUDGETED ESTIMATES
SALES AND USE*	\$8,556,773,600	\$8,746,100,000	\$8,735,000,000	\$178,226,400	(\$11,100,000)
FRANCHISE AND EXCISE	\$2,620,205,200	\$2,377,100,000	\$2,630,000,000	\$9,794,800	\$252,900,000
ALL FUNDS	\$13,983,658,400	\$14,110,400,000	\$14,425,250,000	\$441,591,600	\$314,850,000
GENERAL FUND	\$11,764,921,900	\$11,707,300,000	\$11,978,372,000	\$213,450,100	\$271,072,000

^{*}Sales and Use tax has been reduced by \$16.9 million in FY16-17 and \$112.0 million in FY17-18 for the earmarked portion of the tax.



FY18-19: All Funds and GF

TAX INCOME TAX PRIVILEGE TAX GROSS RECEIPTS TAX – TVA	\$175,000,000 \$386,000,000	\$115,138,000 \$385,083,000
GROSS RECEIPTS TAX – OTHER BEER TAX	\$342,000,000 \$29,000,000 \$18,250,000	\$188,545,000 \$23,899,000 \$12,236,000
ALCOHOLIC BEVERAGE TAX FRANCHISE AND EXCISE TAX INHERITANCE TAX	\$70,300,000 \$2,710,000,000 \$0	\$58,166,000 \$2,464,200,000 \$0
TOBACCO TAX MOTOR VEHICLE TITLE FEES MIXED DRINK TAX	\$250,500,000 \$25,350,000 \$125,750,000	\$250,500,000 \$22,650,000 \$62,875,000
BUSINESS TAX SEVERANCE TAX	\$189,000,000 \$1,050,000	\$189,000,000 \$323,000
AMUSEMENT TAX UNAUTHORIZED SUBSTANCE TAX TOTAL REVENUE	\$250,000 \$0 \$14,938,250,000	\$250,000 \$0 \$12,384,131,000



Thank you!

Any questions?